Credit to minority communities

3140. SHRI RUMANDLA RAMACHANDRAIAH: Will the Minister of FINANCE be pleased to state:

(a) whether the Reserve Bank of India has asked all the commercial banks to ensure that credit flows to the minority communities;

(b) if so, whether banks have shown lack of interest in doing so;

(c) whether Government had taken a policy decision in regard to providing banking finance to the members of the minority community in 1996; and

(d) if so, the main reasons for not following the directive by many banks?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) Yes, Sir. With a view to ensuring adequate flow of bank credit to minority communities instructions are being issued to banks by Reserve Bank of India from time to time. Some of the instructions relating to welfare of the minorities are as under:

- All the Public Sector Banks are required to send half yearly returns on advances to minorities regularly to RBI.
- 41 districts having concentration of minority population have been identified.
- The progress is reviewed regularly at the meetings of the District Consultative Committee and the State Level Banker's Committee.
- The Lead Bank in each of these 41 districts should have an officer who shall exclusively look after the problems regarding the credit flow to minority communities, to publicise among the minority communities various programmes of bank credit and also to prepare suitable schemes for benefit of minorities in consultation with Branch Manager.

- The Lead Banks in 41 identified districts have been advised to organize Entrepreneur Development Programmes so that the members of these communities derive benefit of various programmes being financed by banks.

With a view to bring about an attitudinal change in the bank's staff towards minority communities and to have proper perspective and appreciation of the 15 point programme particularly the credit facilities to minorities, banks have been advised to include suitable lecture session as part of relevant training programmes like instruction course, programmes on rural lending, financing of priority sectors etc. to sensitise the branch manager in this regard.

(b) No instance of banks not supporting the schemes/programmes has been brought to the notice of RBI.

(c) The Ministry of Welfare and constituted a National Minorities Development and Finance Corporation (NMDFC) in September, 1994 with an objective to promote economic and developmental activities for the backward sections amongst the minorities. NMDFC is an apex body and channelises its funds to the beneficiaries through the State Minority Finance Corporation nominated by respective State/Union Territories.

(d) The implementation of programmes/schemes of the NMDFC by banks is not monitored by RBI. However, no instances of banks not supporting the schemes of the corporation has been brought to RBI notice. Pursuant to NMDFC's request, RBI has already advised in February, 1997 to all SCBs to implement the schemes evolved by NMDFC taking into consideration the guidelines/instructions issued by RBI from time to time on priority sector advances.